

AMENDED IN SENATE JULY 11, 2001

AMENDED IN SENATE MAY 30, 2001

AMENDED IN SENATE MAY 2, 2001

AMENDED IN SENATE APRIL 19, 2001

SENATE BILL

No. 1086

Introduced by ~~Senator Alarcon~~ *Senators Alarcon and Romero*
(Coauthors: Assembly Members Alquist, Chavez, Diaz, Firebaugh,
and Pavley)

February 23, 2001

An act relating to air pollution, ~~making an appropriation therefor,~~ and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1086, as amended, Alarcon. Air pollution: liquified natural gas: production.

(1) Existing law requires the State Energy Resources Conservation and Development Commission, in conjunction with the State Air Resources Board, to carry out a program of technology development and financial assistance to expand the use of methanol fuel as a means of reducing air pollution, assuring the state's energy security, and increasing the competitiveness of fuel markets.

This bill would ~~appropriate \$15,000,000 from the General Fund to the commission and would,~~ *to the extent that funds are available for this purpose,* require ~~the~~ *those* funds to be expended on grants or loans for projects that the commission determines demonstrate the technological and economic viability of equipment that treats gas collected from solid waste landfills and converts that gas into liquified natural gas for use as

a transportation fuel. The bill would prohibit the amount of the grant or loan from exceeding 35% of the total cost of the project. The bill would require the commission to adopt new guidelines, or utilize existing guidelines, to ensure the effective use and oversight of the appropriated funds, as specified.

(2) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: ~~yes~~—no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Many of the state's air quality management districts have
4 adopted programs to reduce emissions from heavy-duty engines as
5 a means of achieving health-based air quality standards and to
6 reduce exposure to toxic air contaminants.

7 (b) The use of alternative fuel such as natural gas offers an
8 immediate opportunity to reduce emissions from heavy-duty
9 trucks.

10 (c) The recent increase in natural gas prices, coupled with
11 increased demand from energy generators, present serious
12 obstacles for both public and private fleet operators that have been
13 required or encouraged to convert to natural gas.

14 (d) There is a critical need to expand natural gas supplies both
15 for electrical energy generation and for use as a clean
16 transportation fuel.

17 (e) California's solid waste landfills offer an immediate and
18 significant source of affordable methane that can be converted to
19 liquefied natural gas for use in heavy-duty vehicles.

20 (f) New demand for methane-produced fuel will encourage
21 improvements in the recovery of landfill gas and may significantly
22 reduce greenhouse gas emissions.

23 (g) Grants to fund a number of pilot projects will advance the
24 commercialization of landfill gas treatment equipment and
25 accelerate the production of liquefied natural gas from the state's
26 solid waste landfills.

27 SEC. 2. (a) ~~The sum of fifteen million dollars (\$15,000,000)~~
28 ~~is hereby appropriated from the General Fund to~~ *To the extent*



funds are available or otherwise appropriated for the purposes of this section, the State Energy Resources Conservation and Development Commission to be shall make expended on grants or loans—grants or loans from those funds for projects that demonstrate, as determined by the commission, the technical and economic viability of equipment that treats gas collected from solid waste landfills and converts that gas into liquefied natural gas for use as a transportation fuel. Grants or loans for these projects shall not exceed 35 percent of the total cost of the project.

(b) The commission shall adopt new guidelines, or shall utilize existing guidelines previously adopted by the commission for similar grant programs, in order to ensure the effective use and oversight of funds appropriated by this section. The guidelines shall include all of the following elements:

(1) Cost-effective criteria for project evaluation and selection.

(2) Procedures to verify the availability of any required matching funds.

(3) Auditing and tracking procedures to ensure funds are expended in a manner consistent with this act.

(4) Limits on administrative costs of 2¹/₂ percent of the amount of funds expended. For the purposes of this paragraph, “administrative costs” means ~~commission~~ personnel and overhead costs associated with the management of the grant and loan program created by this act.

(c) This program shall be subject to ~~Chapter 7.4 (commencing with Section 25645) of Division 15~~ *Section 25620.4* of the Public Resources Code.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to meet the natural gas needs of the people in the state during the current shortage of natural gas supplies, and in order to limit further impacts of that shortage on the public health, safety, and welfare, it is necessary that this act take effect immediately.